

# LAWS

CONCERNING THE INCORPORATION  
AND SUPERVISION OF

## State Banks, Savings Banks

AND

## Trust Companies

OF THE

## STATE OF INDIANA

AND REGULATING INDIVIDUAL AND PARTNERSHIP  
BANKING

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## STATE BANKS.

### OF DISCOUNT AND DEPOSIT.

SEC.

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[1873, p. 21. In force February 7, 1873.]

ARTICLES OF ASSOCIATION. 1. Any number of persons, not less than five, may form themselves into a corporation, as a bank of discount and deposit, with such rights and powers as are named in this act, by complying with the following requirements: They shall unite in articles of association setting forth—

First.—The name assumed by such association.

Second.—The place where it is to be located and its operations as a bank of discount and deposit are to be carried on and its business conducted, designating the county, and city or town.

Third.—The amount of its capital stock; which shall not be less than twenty-five thousand dollars, and which shall be divided into shares of one hundred dollars each.

Fourth.—The names and places of residence of the shareholders, and the number of shares held by each.

Fifth.—The number of directors of the association, which shall not be less than three.

The articles of association shall be signed by the shareholders.

DIRECTORS. 2. After the articles of association are completed and signed by the shareholders representing the amount of the capital stock designated therein, said shareholders may pro-

ceed to the election of the number of directors named in said articles of association by ballot; who shall serve one year and until their successors are elected and qualified. And the directors so elected shall, before entering upon their duties, take an oath or affirmation that they will faithfully and honestly discharge their duties.

**PRESIDENT AND CASHIER.** 3. The directors shall elect one of their number president, and shall also elect or appoint a cashier. The president and cashier shall each take an oath or affirmation that he will faithfully and honestly discharge his duties. And the Board of Directors shall require of the president and cashier to execute separate bonds, with sureties, in such sums as they may deem proper, conditioned that they will honestly and faithfully discharge their several duties as such officers (which said bond shall be filed in the office of Secretary of State for the benefit of stockholders and creditors of such bank) during their continuance in office. A copy of the articles of association, certified by the president and cashier to be a full, true and correct copy of the original, shall be filed in the office of the Secretary of State of the State of Indiana, who shall file and carefully preserve the same in his office. Copies of such articles of association and certificates, duly certified by the Secretary of State, and authenticated by his seal of office, shall be legal and sufficient evidence in all courts of the existence of such association, and of every matter or thing which could be proved by the production of the original.

The cashier is, *prima facie*, the agent of the bank, to manage its funds and securities; and a purchaser in good faith of a negotiable security held by the bank, and indorsed by the cashier, as such, can hold the bank as indorser.—*Bank v. Wheeler*, 21 Ind. 90.

The cashier of a bank may be liable on his bond for making improper loans, although the by-laws of the bank provide for the appointment of a committee to control the making of loans.—*Wallace v. Exchange Bank*, 126 Ind. 265.

**CORPORATE POWERS.** 4. Every association formed pursuant to the provisions of this act shall, from the date of filing of such certified copy of its articles of association in the office of the Secretary of State, be a body corporate, but shall transact no business except such as shall be preliminary and incident to its organization, until at least fifty per cent. of its whole capital stock

has been actually paid in, and a certificate of that fact by the president and cashier, under oath or affirmation, filed in the office of the Secretary of State. Such association shall have power to adopt a corporate seal, and shall have succession by the name designated in its articles of association; and by such name it may make contracts, sue and be sued, complain and defend in any court of law and equity, as fully as natural persons; and may exercise, under this act, all the powers incidental and proper, or which may be necessary and usual in carrying on the business of banking as a bank of discount and deposit; may receive deposits, buy and sell exchange, gold and silver coin and bullion; and may loan money, negotiate, sell and guarantee such loans, and promissory notes, bonds, drafts, bills of exchange, and other evidences of debt, and any securities thereof; and may become and act as the trustee for the same as fully as private persons may; but no such association shall issue notes, bills or other evidences of indebtedness in the form or similitude of bank-notes, and intended to circulate as bank-notes or bills or as money. And such association may contract for, charge, take, reserve, and receive on loans and discounts the highest rates of interest allowed by the law of this State to be contracted for, taken, and received by individuals.

A bank may, but is not bound to, pay a depositor upon oral direction or request.—*McEwen v. Davis*, 39 Ind. 109.

A bank can only apply a special deposit to the purpose directed by the depositor.—*Wilson v. Dawson*, 52 Ind. 513.

A bank receiving a claim for collection is liable for any neglect by which indorsers are discharged.—*Am. Ex. Co. v. Haire*, 21 Ind. 4.

A bank check need not be protested on non-payment, but notice should be given to drawer.—*Griffin v. Kemp*, 46 Ind. 172.

A certificate of deposit is assignable under the statute, if "payable in current funds;" it is not negotiable as an inland bill of exchange.—*National State Bank v. Ringel*, 51 Ind. 393.

There can be no recovery upon a certificate of deposit, without proof of an actual demand and refusal of payment before suit.—*Brown v. McElroy*, 52 Ind. 404.

Suit on a certificate of deposit, payable on return of the certificate, can not be maintained until after a demand.—*Brown v. McElroy*, 52 Ind. 404.

A suit may be maintained on a certificate of deposit that has been lost without giving an indemnifying bond.—*Bank v. Ringel*, 51 Ind. 393.

Banks may apply money on general deposit on a debt due from the depositor to the bank.—*Bank v. Hill*, 76 Ind. 222.

A bank has no authority to apply deposits of the maker of a note payable at the bank, in satisfaction of the note.—*Scott v. Shirk*, 60 Ind. 160; *Lamb v. Morris*, 118 Ind. 179.



If a bank has a note for collection, the deposits of the maker may be applied on the note if there is no valid defense to the note.—*Bedford Bank v. Acoam*, 125 Ind. 584.

On the making of general deposit in a bank the title of the thing deposited vests in the bank.—*Wasson v. Lamb*, 120 Ind. 514.

The title to article specially deposited remains in the depositor.—*McLain v. Wallace*, 103 Ind. 562.

If money is deposited in a bank in the name of a person as trustee, the bank must take notice that the deposit is trust funds.—*Bundy v. Town*, 84 Ind. 119.

Trust funds deposited generally in the name of the trustee will not give him preference over general depositors.—*Fletcher v. Sharpe*, 108 Ind. 276.

Deposits are deemed to have been made from the date of entry in the pass book, and such entries are evidence against the bank.—*Wasson v. Lamb*, 120 Ind. 514.

If the drawer of a check has no funds in the bank presentment for payment and notice of non-payment is unnecessary.—*Culver v. Marks*, 122 Ind. 554.

**ELECTION AND DUTIES OF DIRECTORS.** 5. Every such association shall elect a Board of Directors, annually, at such time as may be designated by the first Board of Directors thereof or specified in its by-laws; and at all elections of directors each shareholder shall be entitled to one vote for each share of stock held by him. Each director so elected shall serve one year and until his successor is elected and qualified; and, before entering upon his duties, shall take an oath or affirmation that he will honestly and faithfully discharge his duties as such during his continuance in office. Shareholders may vote by proxies duly authorized in writing; but no officer, clerk, teller or bookkeeper of such association shall act as proxy. The Board of Directors may make and establish, from time to time, such by-laws as may be deemed proper, not inconsistent with this act, for the regulation and transaction of its business, holding elections for directors, the manner in which its stock shall be transferred on the books of the association, and the manner of appointing officers and agents thereof. Such associations may, from time to time, appoint, besides the president and cashier, such other officers, tellers, clerks and agents as may be deemed proper for the transaction of its business, and define their powers and duties, and remove them at pleasure. The directors shall meet at least once a month, and shall keep a record of their acts and proceedings. The general business of the associa-

tion shall be under the control and management of the Board of Directors, who shall cause all proper books to be kept of the transactions and business of the association such as are used in banks; and such books shall, at all times, be subject to examination and inspection by any stockholders of the association.

**WHO INELIGIBLE AS DIRECTORS.** 6. No person who is not the owner, in his own right, of at least five shares of the capital stock of such association shall be eligible to serve as a director, and if any person, while holding the office of director, shall transfer his stock, and thereby become the owner of less than five shares, his office as director shall, from the date thereof, terminate, and the vacancy may be filled by the remaining directors by appointment, and the person so appointed shall serve until his successor is elected and qualified. At least ten days' notice of the time and place of holding all elections of directors, except the first, shall be given to the stockholders, either by personal notice in writing or by publication in a weekly newspaper, if any be published in the county in which the association is located.

**STOCK PAYMENTS.** 7. At least fifty per cent. of the whole capital stock of the association shall be paid in before commencing business, as provided in section four, and the residue shall be paid within six months thereafter, and may be required in such installments, within that period, as the directors may determine. If any person shall fail to pay any installment due on his capital stock when so required, the Board of Directors may proceed to collect the same by suit in any court of competent jurisdiction; or they may sell the stock of such delinquent stockholder at public auction, having given three weeks' notice of the time and place of such sale by publication in a newspaper published in the city, town, or county in which the association is located (and if no newspaper be published in such county, then in a newspaper published nearest thereto), to any person who will pay the highest price therefor, and not less than the amount due thereon, with the expenses of advertising and sale; and the excess, if any, shall be paid to the delinquent shareholder. The capital stock of such association shall be deemed personal property, and treated as such.

[1881, p. 88. In force April 6, 1881.]

**STOCK—INCREASE AND REDUCTION.** 8. The capital stock of such association may be increased by a vote of the shareholders owning two-thirds of the capital, a certificate of which shall be made and recorded on the records of the Board of Directors; and a certified copy thereof, with the signatures of the president and cashier of the association, shall be filed in the office of the Secretary of State; but such increased stock shall be paid in at the time it is subscribed. And whenever such association proposes to reduce its capital stock, notice thereof must first be given to the shareholders and depositors, by publication for three weeks successively in some weekly newspaper of general circulation, printed and published in the county where the business of such association is conducted. Such notice shall name a time and place when and where the matter of reduction shall be acted upon. At the time and place named, such capital stock may be reduced by a vote of two-thirds of the shareholders present (representing two-thirds of the capital stock) at such meeting voting in favor thereof, and by the written assent of a majority of all the directors. No such reduction shall be made until the Auditor of State has been notified, before the call for such meeting, by such association, of the proposed reduction; and when so notified, he shall cause an examination to be made, immediately, of the books, property, effects, and liabilities of such association, and may also examine its officers under oath. From the result of such examination, he shall determine the value, in his judgment, of such property and effects above the debts and liabilities, and certify the same in writing; and the amount so certified shall be presented and read to the shareholders present at such called meeting. No reduction shall be allowable which will reduce the capital of the association below the amount so certified by the Auditor of State; neither shall the capital stock be reduced at any time below the amount fixed by this act.

[1873, p. 21. In force February 7, 1873.]

**SURPLUS—DIVIDENDS.** 9. It shall be the duty of the Board of Directors to set apart and retain ten per centum of the annual net profits of the business of such association as a surplus fund, until the same shall amount to twenty-five per centum of its



capital stock. The directors of any association may semi-annually declare a dividend of so much of the net profits of the association as they shall judge expedient, first deducting therefrom the one-tenth part thereof, to be carried to the surplus fund. But neither the association nor any member thereof shall, during the time it shall continue its banking operations, withdraw, or permit to be withdrawn, any portion of its capital, either in the form of dividends or otherwise. And if losses shall, at any time, have been sustained by any such association, equal to or exceeding its undivided profits then on hand, no dividend shall be made; and no dividend shall ever be made by any association while it shall continue its banking operations to an amount greater than its net profits then on hand, deducting therefrom its losses and bad debts. And all debts due to any association, on which interest is past due for a period of six months, unless the same shall be well secured, shall be considered bad debts within the meaning of this act.

**LIST OF STOCKHOLDERS.** 10. The president and cashier of every such association shall cause to be kept, at all times, a full and correct list of the names and residences of all shareholders in the association, and the number of shares held by each, in the office where its business is transacted; and such list shall be subject to the inspection of all the shareholders and creditors of the association, and the officers authorized to assess taxes under the authority of the State.

**LIQUIDATION.** 11. Any such association may go into liquidation and be closed, by a vote of its shareholders owning two-thirds of its stock. And when such vote shall be taken, it shall be recorded on the record-book of the association, and notice thereof given by publication for at least three successive weeks in a weekly newspaper published in the city, town or county where the association is located, if any; and if there be no such newspaper published in the county, then the notice shall be published in a weekly newspaper nearest thereto. And after such vote shall be taken, no dividend of profits or of the capital shall be made to the stockholders, nor any part of the capital withdrawn by nor paid to the shareholders, in any manner whatever, until all the debts and liabilities of the association of every kind are fully paid.

PURCHASE OF REAL ESTATE. 12. It shall be lawful for any association organized under this act to purchase, hold and convey real estate as follows:

First. Such as shall be necessary for its immediate accommodation in the transaction of its business.

Second. Such as shall be mortgaged to it in good faith, by way of security for debts.

Third. Such as shall be conveyed to it in satisfaction of debts previously contracted in the course of its dealings.

Fourth. Such as it shall purchase at sales under judgments, decrees, or mortgages held by such association, or shall purchase to secure debts due to said association.

Such association shall not purchase or hold real estate in any other case or for any other purpose than as specified in this section, nor shall it hold the possession of any real estate under mortgage, nor hold the title and possession of any real estate purchased to secure any debts to it, for a longer period than five years.

[1895, p. 203. In force July 1, 1895.]

LIABILITY OF STOCKHOLDERS. 13. The shareholders of each association formed under the provisions of this act shall be individually responsible to an amount over and above their stock, equal to the par value of their respective shares of stock, for all debts or liabilities of the association and which may be collectible by suit, and, also, as herein provided. Those holding shares only in a fiduciary capacity shall not be individually liable, but the assets of the estate, trust or person for whom they are acting shall be liable as herein provided. Whenever the Auditor of State shall have reason to believe that the capital stock of any of said associations is reduced by impairment or otherwise, below the amount required by law or by its articles of association and certificate of increase or decrease of capital, as the case may be, the Auditor shall require the deficiency to be made good, and the Board of Directors shall immediately give notice of said requisition to each stockholder, and of the amount of assessment which he must pay, by notice made to such stockholder, at his place of business, or served personally upon him. If any stockholder shall refuse or fail to pay the assessment specified in the notice within sixty (60) days from the date thereof, said directors shall have

the right to sell said stock, or any part thereof, to the highest bidder at public or private auction, and with or without notice, as the Auditor may direct the sale to be made, but such stock shall not be sold for a less sum than valuation put thereon by the Auditor and certified by him to the Board of Directors, and the Auditor may revalue such stock, and new offers for sale may be made at any time, and from the proceeds of sale shall first be deducted the cost thereof.

If any association shall neglect for sixty (60) days after the Auditor shall have required such deficiency to be made good to comply with such request, the Auditor shall report the fact to the Attorney-General, who shall at once institute such legal proceedings as shall be proper to wind up the defaulting association according to law, and in violation of law, or default named in this act shall be sufficient cause for the appointment of a receiver for any such association.

**WHAT TRANSFERS VOID.** 14. All transfers of notes, bonds, bills of exchange, and other evidences of debt owing to any association, or of deposits to its credit; all assignments of mortgages, sureties on real estate, or of judgments or decrees in its favor; all deposits of money, bullion, or other valuable thing to its use, or for the use of any of its shareholders or creditors; and all payments of money to either, made after the commission of an act of insolvency, or in contemplation thereof, with a view to prevent the application of its assets to the proper payment of its just liabilities, or with a view to the preference of one creditor to another—shall be utterly null and void.

Assignments or transfers of indebtedness by an insolvent bank, with a view of preferring creditors, are void, and a creditor taking such a transfer obtains no title.—*Brighton v. White*, 128 Ind. 320.

**NUMBER OF DIRECTORS.** 15. The number of directors in any such association may be increased or diminished by a vote of the shareholders owning two-thirds of the stock, at any regular annual meeting thereof for the purpose of electing directors; but in no case shall the number of directors be less than three nor more than nine. If from any cause an election of directors shall not be made at the time appointed, the association shall not, for

that cause, be dissolved, but an election may be held on any subsequent day, notice of the time and place of holding the same being given as required in section six.

ANNUAL STATEMENT. 16. It shall be the duty of the president and cashier of every association organized under this act, to annually make out a sworn statement of the financial condition of such association, and cause the same to be published for two weeks in a newspaper printed and published in the county where such association has its principal place of business, if a newspaper be printed in such county; if no paper be printed in such county, then they shall cause such statement to be published in a newspaper printed nearest to the place where such association has its principal office.

PENALTIES. 17. Any person who shall fail or refuse to comply with the provisions of the preceding section shall be guilty of a misdemeanor, and, upon conviction thereof, shall be fined in any sum not less than twenty-five dollars and not exceeding one thousand dollars.

[1895, p. 203. In force July 1, 1895.]

EXAMINATIONS. 18. The Auditor of State, with the approval of the Governor, as often as shall be deemed necessary or proper, shall appoint a suitable person or persons to make an examination of the affairs of every banking association under this act, which person shall not be a director or other officer in any association whose affairs he shall be appointed to examine, and who shall have power to make a thorough examination into all the affairs of the association, and, in doing so, to examine any of the officers and agents thereof on oath; and if such bank be in an insolvent or failing condition, or if the assets thereof are being wasted or improperly used or converted, said examiner shall at once notify said Auditor of State, who shall thereupon direct said examiner or some other person appointed by him, to at once take charge and control of said bank, and all the books, notes, cash on hand and other assets, and said Auditor of State shall immediately thereafter make application to the Judge of the Circuit Court or Superior Court of the county where such bank is situated, either



during the term time or in vacation, for the appointment of a receiver to take charge of said bank. Notice of such application shall be given to the stockholders and depositors of said bank by publication, as directed by the Judge of said Court. Should any such bank fail or suspend between the periods of the examination herein authorized, it shall be the duty of the president or cashier of said bank to immediately notify the Auditor of State of such failure or suspension, and said Auditor shall thereupon appoint some proper person to take charge of the assets of said bank pending the application for and appointment of a receiver as herein provided for. Such person so appointed to take charge of the assets of any such bank shall receive such compensation as may be allowed him by the Court having jurisdiction over the receiver appointed. Said examiner shall make a full and detailed report of the condition of the association to the Auditor, and the association shall not be subject to any other visitorial powers than such as are authorized by this act, except such as are vested in the several courts of this State. Associations being administered by receivers and assignees shall be subject to the same examinations, and be required to report to the Auditor of State, as is required of solvent associations. And examiners so appointed to examine said associations shall receive compensation for services as follows: For examining banks having a capital of less than \$40,000 fifteen (\$15) dollars; those having a capital of \$40,000 and less than \$100,000, twenty dollars; those having a capital of \$100,000 and less than \$300,000, twenty-five dollars; those having a capital of \$300,000 and less than \$400,000, thirty-five dollars; those having a capital of \$400,000 and less than \$500,000, forty dollars; those having a capital of \$500,000 and less than \$600,000, fifty dollars; those having a capital of \$600,000 and over, seventy-five dollars, which amounts shall be assessed by the Auditor of State upon, and paid by, the respective associations so examined, and when collected be paid to the proper examiner. A failure to pay such assessment on notice shall be cause for the appointment of a receiver of the association in default. The Auditor shall also assess all expenses and outlays incident to taking and holding possession of an association as herein provided, including ten dollars per day for the services of the examiner in charge thereof, to be paid before any distribution of the assets of the association.



REPORTS. 19. Every association formed under the provisions of this act shall make to the Auditor of State not less than five reports during each and every year, according to the form which may be prescribed by him, verified by the oath or affirmation of the president, cashier or other managing agent of such association; which report shall exhibit in detail and under appropriate heads, the resources and liabilities of the association at the close of business on any past day to be by him specified; and shall transmit such report to the said Auditor within five days after the receipt of a request or requisition therefor from him; and the report of each association above required, in the same form in which it is made to the Auditor, shall be published in a newspaper published in the place where such association is established, or, if there be no newspaper in the place, then in one published nearest thereto in the same county, or an adjoining county, at the expense of the association; and such proof of publication shall be furnished as may be required by the said Auditor. And the said Auditor shall have power to call for special reports from any particular association, whenever, in his judgment, the same shall be necessary in order to a full and complete knowledge of its condition. Any association failing to make and transmit any such report shall be subject to a penalty of one hundred dollars for each day, after five days, that such bank shall delay to make and transmit any such report as aforesaid, to be recovered in any court having jurisdiction, in an action instituted by the Auditor of State on the relation of the State of Indiana; and when so recovered, shall be placed in the treasury of the State on account of the general fund.

## SAVINGS BANKS.

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[1869 S., p. 104. In force May 12, 1869.]

HOW ORGANIZED. 1. Any number of persons, being voters of this State, not less than seven nor more than twenty-one, who shall have been citizens of the county where they then reside for at least five years then next preceding, and who shall severally own unincumbered real estate therein worth at least five thousand dollars, exclusive of perishable improvements, may associate themselves together for the purpose of organizing and managing a savings bank in such county, in accordance with the provisions of this act, as a body politic and corporate.

**CERTIFICATE.** 2. Such persons shall execute a certificate under their hands and seals, in which shall be set forth—

First. The name assumed by such association.

Second. The name of the town or city in which the association is to be located and its business carried on.

Third. The name, residence, occupation, and postoffice address of each member of such association.

Fourth. A declaration that each member of such association will accept the responsibilities and faithfully discharge the duties of a trustee thereof.

**EXECUTION AND RECORDING OF CERTIFICATE.** 3. Such certificate shall be executed in duplicate, and be duly acknowledged before the Judge of the Circuit Court of the county wherein such association is located; which Judge shall make diligent inquiry, and, if necessary, hear proof of the qualifications of the persons executing said certificate, and if satisfied that they are duly qualified as required by section one of this act, and are in all respects suitable persons to be intrusted with the management of a savings bank, he shall certify such acknowledgment and such facts as to the qualifications and fitness of said persons upon said certificate, one copy of which shall, thereupon, within thirty days, be recorded in the office of the Recorder of said county, and the other shall be filed in the office of the Auditor of State; whereupon said persons and their lawfully appointed successors shall be authorized as a corporation to open and conduct a savings bank under the provisions of this act.

**FORFEITURE OF RIGHTS.** 4. Any savings bank so incorporated that shall not organize fully and commence business within one year after the filing and recording of said certificate, as provided in the preceding section, shall forfeit all its rights and privileges as such corporation.

**FIRST TRUSTEES.** 5. The persons named in the certificate aforesaid shall be the first trustees of such corporation, and shall have the entire management and control of the affairs thereof, subject to the provisions herein contained and the laws of the State.

(As amended, Act March 6, 1901.)

**VACANCIES.** 6. Whenever any trustee shall die, resign, remove from the county where such savings bank is located, become insolvent or incapacitated for the discharge of his duties, or fail for nine successive months to attend the regular meetings of the Board of Trustees, or shall borrow, directly or indirectly, for himself or any other person or persons, firm or firms (or corporation or corporations in which he is financially interested), any of the funds of such savings bank, or become surety for any borrower thereof, a vacancy shall thereby be created, and a successor shall be elected by the residue of the Board of Trustees by ballot, at any regular meeting thereof, or at a special meeting of which all the remaining members of the board shall have notice: *Provided*, That the votes of the majority of the legal number of trustees of such bank shall be necessary for a choice of such successor, who shall possess all the qualifications required for the original trustees.

**JUDGE APPOINTS TRUSTEE, WHEN.** 7. In case of a failure of any savings bank to fill any vacancy in the Board of Trustees for three months after the same occurs, said Judge shall, upon the written request of any two trustees, or of any five depositors in said bank, appoint a person duly qualified as hereinbefore provided, to fill the vacancy.

**CERTIFICATE OF FITNESS.** 8. Every trustee, elected or appointed to fill a vacancy, shall, before he is authorized to enter upon his duties, procure from said Judge a certificate of qualification and fitness, as provided in section three; which certificate shall forthwith be recorded in the journal of the proceedings of such bank, and then be filed in the office of the Auditor of State.

**OFFICERS AND AGENTS.** 9. The trustees of every savings bank shall elect from their number a president and one or more vice-presidents, and may also choose from their number or otherwise, such other officers or agents as they may deem expedient to conduct the business thereof; which several officers shall hold their offices for the term of one year, and until their successors are chosen and qualified.

**BY-LAWS.** 10. The Board of Trustees of every savings bank shall have power, from time to time, to make such by-laws, rules and regulations as they may think proper, consistent with the laws of this State, for the election of officers, for prescribing their powers and duties and the manner of discharging the same, for the appointment and prescribing of the duties of committees, and generally for transacting the business of the corporation; and a copy of said by-laws, rules and regulations shall be transmitted to the Auditor of State, who shall be notified of any amendment or change therein.

**QUORUM.** 11. A quorum of the Board of Trustees of any savings bank shall not be less than five, of whom the president or a vice-president shall be one; but it shall be lawful for the trustees, in their by-laws, to provide for a larger quorum; and where such quorum shall be nine trustees or more, it may be composed without the attendance of a president or a vice-president; but when the number of trustees is fifteen or more, the quorum shall not be less than seven, with a president or a vice-president in attendance.

**REDUCTION OF NUMBER.** 12. It shall be lawful for the trustees of any savings bank, by a resolution to be incorporated in their by-laws, to reduce the number of the trustees as provided in section one to a number not less than the minimum prescribed therein; and thereafter, as vacancies occur, the same shall not be filled until the number is reduced to such minimum or to such other number as the board, in such resolution, shall designate.

**MEETINGS.** 13. Regular meetings of the Board of Trustees shall be held as often as once in three months; and they may provide, in their by-laws, for more frequent regular meetings and for the calling of special meetings. Minutes of the proceedings of each meeting shall be kept in a record provided for that purpose.

**OFFICERS' BONDS.** 14. The trustees of every savings bank shall require from the officers and agents of the corporation such security for their fidelity and the faithful performance of their duties as they shall deem necessary; and every officer or agent of such savings bank who, by the rules and regulations there-



of, is to have direct custody or control of the funds thereof, shall, before entering upon his duties, execute, with one or more freehold sureties to be approved by said Judge, an undertaking in such sums as said Judge may determine, payable to the State of Indiana for the use of such savings bank or any creditor thereof or depositor therein, conditioned for the faithful discharge of his duties as such officer or agent, and for the payment of any loss or damage occasioned by his wilful misconduct or neglect; which undertaking shall be filed in the office of the Clerk of the Circuit Court of the county wherein such bank is situated.

**PERQUISITES•FORBIDDEN.** 15. No trustee of any savings bank shall directly or indirectly receive, for his services or otherwise, any pay or emolument except as hereinafter provided; and no trustee, officer or agent of any savings bank shall directly or indirectly, for himself or as the partner or agent of others, borrow any of the funds of such savings bank or its deposits, or in any manner use the same, except to pay necessary expenses, or to make investments, or to deposit for safety, as directed by the Board of Trustees; nor shall any trustee, officer, or agent of any savings bank be an indorser or surety for loans to others, nor in any manner be an obligor for moneys loaned by such savings bank; nor shall any trustee, officer, or agent receive, directly or indirectly, any commission or reward for procuring a loan from such savings bank, or for selling to such savings bank any note, mortgage, chose in action, or property of any kind whatever.

**DEPOSITS.** 16. Every savings bank shall be authorized to receive on deposit any sum or sums of money that may be offered for that purpose by any person or persons, or by any religious or charitable corporations or societies, or that may be ordered to be deposited by any court of this State, and to invest the same, and declare, credit, and pay dividends thereon, as hereinafter authorized, and not otherwise: *Provided*, That such savings bank shall not be compelled to receive sums less than one dollar or exceeding five hundred dollars, in any one year, from any one depositor, unless provision therefor be made in the by-laws thereof.

[1875, p. 129. In force August 24, 1875.]

REPAYMENT OF DEPOSITS. 17. The sum so deposited shall be repaid to each depositor or his legal or authorized representatives, when required by him or by them, but at such times, and with such dividends from profits, and under such regulations as the Board of Trustees may prescribe, not inconsistent with the provisions of this act; which regulations shall be put and kept up in some conspicuous place in the room where the business of the savings bank shall be transacted, and shall not be altered so as to affect any deposits which shall have been made previous to such alteration, until after notice to the person making the deposit so to be affected: *Provided, however,* That in order to prevent loss to the depositor by enforced sales of considerable amounts of securities below their par value, it shall be lawful for the trustees, in their discretion, to require a notice of one week before the withdrawal of any part of any deposit of more than ten dollars and not exceeding a hundred dollars; of two weeks before the withdrawal of any part of any deposit of more than one hundred dollars and not exceeding five hundred dollars; of three weeks before the withdrawal of any part of any deposit of more than five hundred dollars and not exceeding one thousand dollars; of thirty days before the withdrawal of any part of any deposit of more than one thousand dollars and not exceeding two thousand dollars; of sixty days before the withdrawal of any part of any deposit of more than two thousand dollars and not exceeding three thousand dollars, and of ninety days before the withdrawal of any part of any deposit of over three thousand dollars; but in any case where a deposit has been made for a definite time no notice for a withdrawal at the expiration thereof shall be necessary, unless the depositor fail to withdraw the same within ten days: *And provided, further,* That if, at any time, in the opinion of the Auditor of State, any savings bank is solvent and doing business according to law, and that it is necessary, in order to prevent a run on such bank, and also to prevent loss and sacrifice to the depositors, the trustees of such bank may, by and with the written consent of such Auditor, make any and all changes deemed necessary in regard to the notices which are above required to be given by the depositors for the withdrawal of their deposits, and also extend the

time that notices shall be given by the depositors for the withdrawal of any and all deposits to any period of time not exceeding six months.

[1869 S., p. 104. In force May 12, 1869.]

**DEPOSITS BY ALIENS, INFANTS OR FEMALES.** 18. Whenever any deposit shall be made in a savings bank by an alien, minor, or a female, being or thereafter becoming a married woman, the same shall be held for the exclusive right and benefit of such depositor, free from the control or lien of all persons except creditors, and shall be repaid, with the dividends thereon, to the person making the deposit; and the receipt or acquittance of such alien, minor or female, shall be a sufficient release and discharge to the corporation for such deposit.

[1903, p. 211. In force March 7, 1903.]

**INVESTMENT.** 19. It shall be lawful for the trustees of any savings bank to invest the money deposited therein only as follows, to wit: First, in the stocks or bonds or treasury notes of the United States; second, in the stocks or bonds of this State; third, in the orders or bonds of any county, city, or town in this State, issued pursuant to the authority of law; fourth, in the stocks or bonds of any State in the Union that has, for five years previous to such investment being made, regularly paid the interest on its legal bonded debt in lawful money of the United States; fifth, in bonds or notes secured by mortgage on unincumbered real estate situate in the county where the bank is located, or in an adjoining county in Indiana, or in an adjoining county in an adjoining State (or in any other county in the State of Indiana) worth, exclusive of perishable improvements, at least twice the amount loaned thereon; sixth, in promissory notes or bills of exchange before their maturity, payable at some chartered bank within this State, and having not to exceed twelve months to run from the date of the loan or purchase, made or indorsed by two or more responsible freeholders, one of whom at least shall be a resident of the State of Indiana: *Provided*, That no such note or bill shall exceed the sum of ten thousand dollars, and that no more than ten thousand dollars shall be loaned on the same security;

seventh, in real estate subject to the provisions of section twenty-four; eighth, in dealing in exchange, by purchasing and selling sight or time drafts payable out of this State: *Provided*, That no such draft shall be for a larger sum than ten thousand dollars, nor shall any time draft payable out of the State be so purchased which shall have, at the time of such purchase, more than sixty (60) days to run until it matures: *And provided, also*, That not more than one draft shall be held by any such bank, at any one time, which is secured by the same indorsers or by any of the same indorsers.

[1869 S., p. 104. In force May 12, 1869.]

**LOANS ON STOCKS.** 20. It shall be lawful for the trustees of any savings bank, while awaiting opportunity for the judicious investment of the funds deposited with them, to loan the moneys so deposited upon the security of the stocks and other securities mentioned in the preceding section, not exceeding ninety per cent. of the cash market value thereof.

**DEPRECIATION OF SECURITIES.** 21. Should the stocks or other securities on which loans are made, pursuant to the provisions of the last preceding section, depreciate in value after making any loan thereon, it shall be the duty of the trustees to require the immediate payment of such loan made by them thereon, or additional security therefor, so that the amount so loaned shall at no time exceed ninety per cent. of the market value of such securities; and no loan shall be so made without an agreement from the borrower that the same shall be subject to the conditions of payment or of additional security, as required by this section.

[1903, p. 321. In force April 23, 1903.]

**RESERVE.** 22. The trustees may keep in reserve not exceeding twenty per cent. of the total amount of deposits without investment, or deposit the same on call, with or without interest, in any bank in this State organized under the laws thereof or under the laws of the United States, or in any National Bank in the United States.

**RESTRICTIONS ON LOANS.** 23. No loan shall be made upon the security of real estate, as provided in subdivision five of section nineteen, or upon notes or bills, as provided in subdivision



six of said section, without the consent of a majority of the trustees, or the unanimous consent of the committee of investment which may be created under the by-laws of such bank.

**REAL ESTATE PURCHASES.** 24. It shall be lawful for the trustees of any savings bank to purchase, hold, and convey real estate as follows, and not otherwise:

First. A lot and banking house requisite for the transaction of its business, and for an income from such portions of the same as are not required for its own use.

Second. Such as shall have been mortgaged to it in good faith for money loaned, or upon which it shall have purchased a mortgage.

Third. Such as shall have been purchased at sales upon judgments or decrees obtained upon claims in favor of the bank, or which may be so purchased to prevent loss upon claims held by the bank.

**BANKING HOUSE—COST.** \*25. No banking house shall be erected or purchased by any savings bank until the estimated cost of the same, and of the income to be derived therefrom, shall be submitted to and approved by the Auditor of State; nor shall the same cost to exceed five per cent. of the amount of deposits of such bank.

**REAL ESTATE SALES.** 26. All such real estate as is described in subdivisions two and three of section twenty-four shall be sold within three years after the same has become vested in such savings bank, if the same will bring the amount due on account thereof; and if it can not be sold for a sufficient sum for that purpose, the Auditor of State may give such further time as he shall deem necessary in which to sell the same.

**RESTRICTIONS ON DEALINGS.** 27. It shall not be lawful for any savings bank to deal or trade in real estate in any other case or for any other purpose than is authorized in section twenty-four, or to deal or trade in any goods, wares, or merchandise, except as herein authorized, and except such personal property as may be necessary in the transaction of its business.



[1881 S., p. 89. In force September 19, 1881.]

**SURPLUS FUND.** 28. It shall be the duty of the trustees of every savings bank to reserve and set aside from the gross amount of gains or profits of the institution not less than one-half of one per cent. per annum on the deposits, to be held and invested as provided for in this act, as a surplus fund to meet any contingency in its business, until such surplus shall be equal to ten per cent. upon the amount of deposits; and it shall be lawful to accumulate such surplus until the same shall equal twenty-five per cent. upon the whole amount of deposits so held.

[1869 S., p. 104. In force May 12, 1869.]

**ACCOUNTS AND DIVIDENDS.** 29. All savings banks shall make up their accounts semi-annually to the first days of January and July in each year; and all dividends or profits shall be divided, credited, or paid to the depositors on or before the thirty-first days of January and July, respectively.

**DIVIDENDS FROM PROFITS.** 30. It shall not be lawful for the trustees of any savings bank, or for any officer or agent thereof, to declare or pay any dividend except from profits actually earned during the period for which the same is made, after deducting therefrom the necessary expenses incurred in transacting the business of the corporation, and not less than one-half of one per cent. upon the deposits at the time of making such dividend, for account of the surplus fund, as provided in section twenty-eight.

[1873, p. 28. In force March 7, 1873.]

**RESTRICTIONS ON DIVIDENDS.** 31. It shall not be lawful for the trustees of any savings bank to declare or allow dividends on any deposit for a longer period than the same has been deposited; except that deposits made not later than the tenth days of January, April, July and October in each year, may, unless prohibited by the by-laws of the bank, have dividends, provided the same shall not exceed six per cent. per annum, declared upon them, the same as though deposited on the first day of either of those months respectively. And no dividend shall be paid unless upon deposits when the same are declared: *Provided*, That the

trustees may in their discretion allow dividends upon moneys that shall have been on deposit, but which shall have been withdrawn prior to the regular times for declaring dividends.

[1869 S., p. 104. In force May 12, 1869.]

**LIMIT OF DIVIDENDS.** 32. No dividend shall be declared upon any deposit exceeding the sum of five thousand dollars, or upon any or all of several deposits standing in the name of any one depositor, in trust or otherwise, whose aggregate shall exceed said sum, unless the same shall have been on deposit for at least six months prior to such dividend being declared.

**DISCRIMINATION IN DIVIDENDS.** 33. It shall be lawful for the trustees of any savings bank to discriminate (in the modes to be provided in their by-laws) in the dividends declared by them, between the deposits of a thousand dollars and under and the deposits of more than a thousand dollars, and between those deposits which have remained undiminished for one year and upwards, and those that have had some portion withdrawn within one year preceding such dividend, so that deposits of the smaller amount or remaining undiminished the longer time shall receive a larger pro rata dividend than the others.

**DIVISION OF PROFITS.** 34. It shall be the duty of the trustees, after deducting the necessary expenses and the reserve for the surplus fund (which shall not be less than a half per cent. nor exceed three per centum), to divide as nearly as may be practicable all the remaining profits, within the discretion conferred in the last preceding section, ratably among the depositors, except as hereinbefore provided.

**RESIDUE DISTRIBUTED.** 35. Any residue of profits remaining undivided after compliance with the provisions of the last section, shall be divided as often as once in three years among those who are depositors, when the distribution is made in such a manner as the trustees shall direct, so as to be as equitable as practicable: *Provided*, That the trustees shall not be compelled to reduce the reserved surplus upon the whole amount of deposits below ten per cent.

**TRUSTEE, HOW SUSPENDED.** 36. The Auditor of State may, at any time, by an order under his hand and seal, for due cause, to be set forth in such order, suspend any trustee from his office; and upon the application of two-thirds of the trustees of any savings bank, setting forth good reasons for such action in regard to any trustee, it shall be his duty to issue such order.

**NOTICE OF SUSPENSION.** 37. Upon issuing any such order, a copy shall be transmitted to the savings bank of which the person so suspended is a trustee; and such order shall be entered in full upon the minutes of such savings bank, and notice thereof be given to such trustee, to whom, upon application, such original order shall be delivered.

**VACATION OR CONFIRMATION.** 38. The Auditor of State shall also transmit a duplicate copy of such order to the Judge of the Circuit Court of the county where such bank is located, by whom, after proper notice to such trustee that he may be heard in his defense, such order may be vacated or confirmed, and its confirmation shall operate to remove such trustee from office.

**REMOVAL OF OFFICERS.** 39. If any trustee or other officer, or any five depositors, shall file an application in the Circuit Court of the county where a savings bank is located, setting forth that any trustee, officer, or agent of such savings bank has, within twelve months then next preceeding, violated any of the provisions of section 15 (the particulars of which violation shall be specified in such application), such officer, trustee, or agent shall be cited to appear and answer to such application; and upon proof of the allegations therein, such officer, trustee, or agent shall be removed by the order of said Court.

**ANNUAL REPORTS.** 40. Every savings bank shall, on or before the first day of February in each year, make a report in writing to the Auditor of State, of its condition on the first day of January preceeding, after the dividend up to that day shall have been allowed and credited to the accounts of the depositors.

**ASSETS TO BE STATED.** 41. Such report shall state the total amount of assets of every kind; the amount loaned or out-

standing on notes or bonds and mortgages; the rate of interest obtained on loans made; the cost, par value, estimated market value, and rate of interest of all stock investments, designating each particular kind of stock; any stock investments the interest of which is in arrears for three months or upwards, with a particular account of the same; also, any bonds or notes and mortgages, the interest on which is in arrears for three months or upwards; the amount of bank stock held by such savings bank, together with the names of the banks in which such stock is held; the amount of promissory notes or bills of exchange; the amount invested in real estate, its cost, estimated market value, and the yearly income derived from the same; the amount of cash on hand or on deposit in banks, and the names of the banks where deposited, and the rate of interest received on such deposit; the average monthly balances so had on deposit in banks during the preceding year; and any other item of assets or resources owned or possessed by such savings bank on that day.

**LIABILITIES TO BE SET OUT.** 42. Such report shall also state all the liabilities of the savings bank, making the same on the said first day of January; the amount due depositors, including the dividend credited to them for that day, stating such dividend as a separate item; and any other debts against or claims upon such savings bank which may become a charge upon its assets. Such report shall also state the number of open accounts on said first day of January; the amount deposited and the amount withdrawn during the previous year; the whole amount of interest earned; the amount of expenses, specifying separately the amount paid for services and the amount of dividends credited to depositors, for the year preceding said first day of January; the number of new accounts opened, and the number of accounts closed during the year.

**FORM OF REPORT.** 43. The Auditor of State is hereby authorized to prescribe forms for the report contemplated by the preceding two sections, and may, in his discretion, call for any other item of information which he may deem necessary to a complete knowledge of the operations and condition of any savings bank.



REPORT, HOW VERIFIED. 44. Such report shall be verified by the oath of the principal officer of the savings bank, and the statement of assets shall be verified by the oath of one or more of the trustees who examined the same pursuant to the requirements of section forty-eight.

PENALTY FOR NOT REPORTING. 45. If any savings bank shall fail to furnish to the Auditor of State any report or statement required by this act, at the time so required, the officer or agent of said bank whose duty it shall be to make such report or statement, shall, upon conviction thereof by presentment or indictment, be fined in any sum not less than one dollar nor more than fifty dollars for every day he shall so fail to furnish such report or statement.

STATE AUDITOR'S REPORT. 46. It shall be the duty of the Auditor of State, on or before the tenth day of February, in each year that the Legislature shall meet in regular session, to communicate to the Legislature a statement of the condition of every savings bank from which a report has been received during the preceding two years, and to suggest any amendments to the laws relating to savings banks which, in his judgment, may be expedient or necessary to increase the security of depositors or impart greater efficiency to the administration of the affairs of savings banks.

VISITATION BY AUDITOR. 47. It shall be the duty of the Auditor of State, as often as once in two years, either in person or by some competent agent, to be by him appointed, to visit and thoroughly examine the condition, working, and affairs, generally, of each and every savings bank organized and doing business under this act; and he shall certify to the result of such examination upon the records of each savings bank so examined; and to this end the books, papers, records, and assets of every savings bank shall, at all times during the hours of business, be open for inspection by said Auditor or such person as he may so appoint as his agent to make such examination, which shall always be made without previous notice of the same being given. The cost of making such examination, not exceeding five dollars per day and necessary expenses of the examiner, shall be paid by such savings bank.



**EXAMINATION BY TRUSTEES.** 48. It shall be the duty of the trustees of every savings bank, by a committee of not less than three of such trustees, on or about the first day of January in each year, to thoroughly examine the books, vouchers and assets of such savings bank, and its affairs generally; and the schedule or statement of assets reported to the Auditor of State for the 1st of January in each year shall be based upon such examination, and shall be verified by the oaths of the trustees making the examination; but nothing herein contained shall be construed as prohibiting the trustees of any savings bank from requiring such examination at such other times as they shall prescribe.

[1903, p. 337. In force April 23, 1903.]

**PAY OF OFFICERS.** 49. It shall be lawful to pay trustees of savings banks, acting as officers or agents of the same whose duties require and receive their regular and faithful attendance at the bank, such compensation as in the opinion of the majority of the Board of Trustees, shall be just and reasonable; but such majority shall not include any trustee or trustees to whom such compensation shall be voted, and the vote fixing or altering the compensation of any officer or agent, who is also a trustee, shall be transmitted to the Auditor of State, with the names of the yeas and nays upon such vote for his information; and when the deposits of any savings bank shall reach or exceed the sum of one hundred and fifty thousand dollars the trustees may, with the written approval of the Auditor of State, allow the president for his services a sum not exceeding one thousand dollars per annum, and with the like consent, may allow each member of the finance committee not exceeding the rate of six hundred dollars per annum for their services, such committee, however, not to exceed three members; and when the deposits of any savings bank shall reach or exceed five hundred thousand dollars the trustees may with the written approval of the Auditor of State, allow the president of such bank for his services a sum not exceeding fifteen hundred dollars per annum, and with the like consent may allow each member of the finance committee not exceeding the rate of seven hundred and fifty dollars per annum for their services, such committee, however, not to exceed three members. And when the deposits of any such savings bank shall exceed nine hundred thou-

sand dollars, and with the like consent of the Auditor of State, the trustees may allow the president a sum not exceeding five thousand dollars per annum for his services, and the members of such finance committee a sum not exceeding fifteen hundred dollars per annum each for their services: *And provided*, That the members of such finance committee in no event shall exceed three in number: *Provided, further*, That in the event the Auditor of State finds that the compensation paid to the officers named herein is excessive he shall have power to revoke his approval of the same.

[1869 S., p. 104. In force May 12, 1869.]

**SPECIAL PAY OF TRUSTEES.** 50. It shall be lawful for any savings bank that has accumulated a surplus of not less than five per cent. upon its deposits to pay trustees who render special personal service (beyond the ordinary duty of attending meetings and serving upon committees other than of examination) such compensation as may be determined upon by the Board of Trustees and approved by the Auditor of State. The trustee or trustees for whom compensation for such special service is voted shall have no voice in the decision of such question. But no such compensation shall be voted by any savings bank to any trustee until the Auditor of State has made, or caused to be made, an examination of the affairs of such savings bank, and certified to its possession of the required surplus; and if such surplus shall thereafter become impaired so as to be less than five per cent. of its deposits, such compensation to trustees shall cease until such surplus be again restored to five per cent.

**GRATUITIES.** 51. Whenever any savings bank has accumulated a surplus equal to fifteen per cent. of its total amount of deposits it shall be lawful to award and pay to such trustees as have attended every regular meeting of the trustees during the year a gratuity of not exceeding three dollars for each meeting so attended, as a reward for faithful service.

**CERTIFICATES OF DEPOSIT.** 52. All certificates or other evidences of deposit made in pursuance of the regulations of any savings bank shall be as binding upon the corporation issuing the same as if made under its common seal.

**PENALTY FOR ADVERTISING.** 53. It shall not be lawful after the first day of July next [1869], for any bank, banking association, private banker, or individual to advertise or put forth a sign as a savings bank, nor in any way to solicit or receive deposits as a savings bank; and any bank, banking association, private banker, or individual that shall offend against the provisions of this section, shall forfeit and pay for every such offense, to the Treasurer of the county, for the use of the common school fund, the sum of one hundred dollars for every day such offense shall be continued, to be recovered upon suit brought by such Treasurer in any court of competent jurisdiction.

**DEPOSITS FOR AWARDS.** 54. Whenever any sum of money, not exceeding one thousand dollars, shall be paid into any court in this State for the use of any minor or insane person, and there shall be no guardian qualified to receive and receipt for the same, the court may, in its discretion, order such sum of money to be deposited in any savings bank organized under this act, to the credit of any such minor or insane person; and such sum, and the dividends thereon, shall not be withdrawn from such savings bank except upon the order of said court, or until a guardian shall have been lawfully appointed for such minor, or until the disability of such insane person shall be declared to be removed by some competent court, or a guardian shall have been appointed.

**DISSOLUTION—RECEIVER.** 55. Whenever any savings bank, organized under the provisions of this act, shall fail, for thirty days, to pay any of its depositors as required by law; or whenever it shall appear to the satisfaction of the Auditor of State, that the trustees or officers of any such bank are mismanaging its affairs, and the same is insolvent or in imminent danger of insolvency, it shall be the duty of such Auditor forthwith, to cause a complaint to be filed in the name of the State of Indiana, in any court of competent jurisdiction of the proper county, against such savings banks and the trustees and officers thereof who are managing its affairs, setting forth the facts and asking for the dissolution of such corporation and the winding up of its business. The court in term time, or the Judge in vacation, may, upon proper cause shown by affidavits, place all the assets of the corporation in the hands of a receiver, according to the practice of courts of

equity, and, upon trial of the cause, may adjudge the corporation dissolved and order a distribution of the assets thereof, after payment of costs and expenses, among the depositors and other creditors of such savings bank. If it shall be established upon the trial of the cause, that any trustee or other officer has been guilty of any wilful or fraudulent misconduct, whereby the assets of the corporation have been wasted or lost, the court shall render judgment against him to make good all such losses as his misconduct has occasioned; and such recovery shall be for the benefit of the depositors and other creditors of such savings bank; and the court, in such proceedings, may render several judgments against the several trustees or officers who have been guilty of such misconduct.

The Auditor of State is the only person authorized to sue under this section, and all persons must assert their rights under the proceedings instituted by that officer.—*Ryan v. Ray*, 105 Ind. 101.

## TRUST COMPANIES.

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### SEC.

1. Organization.
2. Articles of association.
3. Capital stock.
4. Stockholders' liability.
5. Stock payments.
6. Directors.
7. Annual election.
8. Officers, elections, bonds.
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10. Powers.

### SEC.

11. Interest, Income of ward.
12. Examiner, duties, compensation.
13. Limitations, Loans to officers.
14. Control of courts over.
15. Examinations.
16. Illegal business, duty of auditor.
17. Emergency.

[Acts 1893, p. 344.]

AN ACT to authorize the organization and incorporation of loan and trust and safe deposit companies, and defining their powers, rights and duties, and other matters connected therewith.

[Approved March 4, 1893.]

ORGANIZATION. SECTION 1. Be it enacted by the General Assembly of the State of Indiana, That any number of persons not less than ten (10) may associate themselves and become incorporated for the purpose of transacting business as a loan and trust and safe deposit company, upon complying with the provisions of this act; and any company so formed, and its successors, shall be entitled to the rights and privileges and subject to the duties and obligations herein prescribed, and shall have perpetual succession.

ARTICLES OF ASSOCIATION. SEC. 2. Said corporators shall make and subscribe articles of association, setting forth: First, the name of the corporation; second, the amount of capital stock, and the number of shares into which the same is to be divided; third, the name and residence of each of said corporators and the number of shares and amount of capital stock respectively by them subscribed; fourth, the names, residence and number of the directors and their terms of office respectively, as hereinafter required; fifth, the time of the commencement of the corporation;



sixth, the date on which the annual election of directors of such corporation shall be held, the said articles of association having been made and signed, shall be filed within ten days in the office of the Secretary of State, who shall transmit to said corporators a certified transcript of the same, and the same shall be taken as evidence, in all courts and places, of the act of organization of said corporators and as a compliance with the provisions of this act in that behalf.

[As amended, Act March 6, 1899, Acts 1899, p. 503.]

**CAPITAL STOCK.** SEC. 3. The amount of the capital stock of any such corporation where its office is located in a city of over 50,000 inhabitants, shall not be less than one hundred thousand dollars (\$100,000); in cities between twenty-five thousand (25,000) and fifty thousand (50,000) inhabitants, not less than fifty thousand dollars (\$50,000), and in cities of less than twenty-five thousand (25,000) inhabitants, not less than twenty-five thousand dollars (\$25,000), to be divided into shares of one hundred dollars (\$100) each, which shall be payable at such times and in such amounts as the board of directors shall order; but the same may be increased at any time by a resolution of two-thirds ( $\frac{2}{3}$ ) of the directors to any amount not exceeding two million dollars (\$2,000,000): *Provided*, In case of any such increase of stock, the preference shall be given to the then existing stockholders of taking such additional stock pro rata before the same is offered to persons who are not stockholders.

**STOCKHOLDERS' LIABILITY.** SEC. 4. The stockholders in such corporation shall be individually liable, in addition to their capital stock, in a sum equal to the amount of the same for the payment of any sum which shall at any time remain unpaid, for the satisfaction of any debt or liability which may at any time remain unpaid after the capital stock of such corporation and all its assets may be or shall have been exhausted.

[As amended, Act March 6, 1899, Acts 1899, p. 503.]

**STOCK PAYMENTS.** SEC. 5. No such corporation shall be authorized to transact any business, or exercise any powers as

such, until the whole of its capital stock, where the same does not exceed one hundred thousand dollars (\$100,000) shall have been subscribed and paid in.

**DIRECTORS.** SEC. 6. All the corporate powers of such company shall be exercised by a board of directors of not less than six (6) nor more than twelve (12) in number, and such officers and agents as they shall elect or appoint. A majority of such directors must be citizens of this State, and each director must own at least ten (10) shares of the capital stock. The articles of association shall state the names and places of residence of the first board of directors, in case any of the persons so named shall not become stockholders to the amount required to qualify, or if they shall fail or refuse to qualify from any cause, the directors who shall so qualify may elect qualified stockholders to fill such vacancies, and thereafter, at each annual meeting of the stockholders, the directors shall be elected to serve one (1) year, and until their successors are elected.

**ANNUAL ELECTION.** SEC. 7. The annual election shall be held at the office of the company, upon a day to be fixed by the articles of association, and notice of which meeting shall be given by publication at least ten (10) days prior to said date in a public newspaper printed and published at the county seat of the county in which such company has its principal place of business. Any vacancy in the office of director may be filled by the board until the next annual election.

**OFFICERS—ELECTIONS—BONDS.** SEC. 8. The board of directors shall, at their annual meeting, elect from their own number a president and vice-president, and they shall also appoint a secretary and such other officers and agents as they may find necessary to the transaction of the business of the company. They shall define the general powers, authority and duties of such officers and employes, by by-laws or resolutions, fix the conditions, form and amount of their bonds and approve the same; but no such officer, agent or other employe from whom a bond shall be required by the directors, shall enter upon the discharge of his duties until he shall have entered into a bond to the corporation,

conditioned for the honest and faithful discharge of his duties, in such sum, conditions and sureties as may be approved by the directors, nor until such bond, so approved, has been filed in the office of the State Auditor.

[As amended, Act March 6, 1899, Acts 1899, p. 503.]

**CERTIFICATE OF AUTHORITY.** SEC. 9. As soon as any such corporation shall have properly organized, by filing its articles of association, and shall have elected its general officers, and shall have paid into its treasury its capital as provided in Section five (5) of this act, the board of directors, including the president and secretary, shall make out a statement which shall be verified by the directors in person and certified by the secretary, under the seal of the corporation, in which the fact shall be stated that the corporation has organized and elected officers, and that the cash capital has been paid in, as required by Section 5 of this act and is in the possession of the corporation, and shall file the same with the Auditor of State, and said Auditor shall thereupon deliver to such corporation his certificate, stating that the fifth section of this act has been complied with, by the organization of such corporation and the payment of the capital as required herein and said certificate shall be sufficient evidence in all courts, and to all persons, of the authority of said corporation to perform the duties and assume the liabilities provided in this act.

**POWERS.** SEC. 10. Any such corporation so organized and authorized to transact business shall have power and authority:

First.—To acquire, purchase, own, hold, use and improve, and for that purpose to mortgage, lease, sell and convey such real estate and personal property as may be necessary for the convenient transaction of its business, and for the use and occupation of its officers, agents and employes, and the safe keeping of its assets, deposits and property held in trust. Any estate, or interest in real estate, which such corporation shall acquire under or by virtue of the foreclosure of any deed of trust, mortgage or other security, or by the compromise, compounding or settlement of any obligation or security, or otherwise, in the course of its legitimate business, whether as owner or trustee, it may continue to own, hold, use, occupy, lease, bargain, sell and convey the same, as the directors

may deem best for the interests of such company, or of the particular estate or trust to which the same belongs; and to that end it may become a purchaser at any foreclosure sale, or sale under decree or judgment, to which it is a party as trustee or otherwise, but no part of its capital, accumulations, deposits, trusts, funds, property or securities owned or held by such company in trust, or otherwise, shall be invested in real estate, except as herein authorized, unless the same is done under and by virtue of a particular contract, agreement or other instrument, which shall confer a special power and authority so to do, and then only with and to the extent of the moneys or funds thereby provided and belonging to such particular trust; and for the general transaction of its business to make and deliver, and in like manner to accept and receive, all necessary and proper deeds, conveyances, mortgages, leases and other contracts and writings obligatory, and to have and exercise all necessary rights, franchises, muniments, estate, powers and privileges necessary to that end, and such corporation is authorized to loan money and funds, and secure such loan by mortgage; and shall have power to sell and assign such mortgages and other securities of such corporation, and to convert them into cash or other securities.

Second.—To take, accept and hold, by the order, judgment, or decree of any court of record of this State, or of any other State, or of the courts of record of the United States, or by gift, grant, assignment, transfer, devise, legacy or bequest, from or with any public or private corporation, or persons whomsoever, any real estate or personal property, upon trusts created in accordance with or which shall not conflict with the laws of this State, or of the United States, and to execute and perform any and all such legal and lawful trusts in regard to the same, upon the terms, conditions, limitations and restrictions which may be declared, imposed, established by, or agreed upon, in and by such order, judgment, decree, gift, grant, assignment, transfer, devise, legacy or bequest; to accept from and execute for, or on behalf of, trusts for married women, in respect to their separate property, real or personal, and antenuptial settlement, or otherwise to act as agent for them in the management of such property; to act as agent for the purpose of transferring, issuing, registering or countersigning the certificates of stocks, bonds, coupons or other evidences of debt of any corpo-



ration, association, person, city, county, State, or other authority, or to receive and pay out moneys in redemption of the bonds, coupons or other evidences of indebtedness of such public or private corporations or persons, and to guarantee or become surety for the faithful performance of his duties by any guardian, executor, administrator, assignee, receiver or other trustee, or any public officer or agent, or any officer, agent, servant or employe of any person, firm or corporation.

Third.—To take, accept and hold on deposit, or for safe keeping any and all moneys, bonds, stocks or other securities or personal property whatsoever, which any State, county, city or town officer, or any officer in any railroad or other corporation, public or private, or private person, shall be authorized or required, by law or otherwise, to deposit in a bank or other safe deposit.

Fourth.—To act as trustee, assignee or receiver in all cases where it shall be lawful for any court of record, officer, corporation, person or firm to appoint a trustee, assignee or receiver, and to be appointed, commissioned and act as administrator of any estate, executor of any last will and testament of any deceased person, and as guardian of the person or estate of any minor or minors, or of the estate of any lunatic, imbecile, spendthrift, habitual drunkard or other person disqualified or unable from any cause to manage their estate; and it shall and may be lawful for the Circuit Court of any county in this State in which any such corporation may be established, or other court of record having jurisdiction of the estate and wills of decedents, or of the persons or estates of minors, or of other persons under guardianship, either within or without this State, to appoint and commission any such corporation which holds the proper certificate of qualification from the proper authority provided by law showing that it is entitled to transact business in this State as the executor of any last will and testament, or as trustee of any trust under any will, or as the administrator of the estate of any decedent, or as the guardian of the person and estate of any minor, or of the estate of any imbecile, lunatic, spendthrift, habitual drunkard, or other person disqualified or unable, from any cause, to manage his or her estate, in all cases where under the laws of this State such court could lawfully appoint and commission any natural person as such executor, ad-



ministrator, guardian or trustee; and in all such cases no bond or other security, or oath or other qualification, shall be necessary to enable such corporation to accept such appointment or trusts.

Fifth.—To act as the general agent and attorney in fact for any public or private corporation or person in the management and control of real estate or personal property, its sale or conveyance, in the negotiation of and sale of mortgages or other securities, the satisfaction and discharge of record of such mortgages or other securities, the collection of rents, payment of taxes, and generally to act for and represent corporations or persons, under powers and letters of attorney, in all respects as a natural person could do.

Sixth.—The directors of any such corporation shall have discretionary power to invest all moneys received by it on deposit or in trust in any such personal securities as are not hereinafter expressly prohibited; and it shall be held responsible to the owners, or cestui que trust, of such moneys, for the validity, regularity, quality, value and genuineness of all such investments and securities at the time said investments are so made, and for the safe keeping of the evidences and securities thereof, but if any special direction, agreement or trust is imposed upon, made or conferred in and by the order, judgment or decree of any court, or by the terms and conditions of any last will and testament, or other document, contract, deed, conveyance, or other written instrument, as to the particular manner in which, or the particular class or kind of securities, funds or property, whether real or personal, the same shall be invested in, then the said corporation shall follow and carry out such order, judgment, decree or other appointment, contract, deed, conveyance or other written instrument, and in such case such company shall not be held liable or responsible for any loss, damage or injury which may occur or be incurred by any person or cestui que trust by reason of its performance of such trust as aforesaid.

Seventh.—It shall and may be lawful for any trustee of any trust estate now existing, or which may hereafter exist or be created, and whether before or after acceptance thereof, and whether the same has been or shall be created or conferred by any will or testament, or by contract, conveyance, deed of trust, or agreement whatsoever, to surrender and resign such trust in favor of any

such corporation organized and doing business under this act which will accept the same, and to convey and deliver to such corporation all the property and assets of and pertaining to the said trust, and subject to all unexecuted trusts imposed upon or pertaining to the same; upon the condition, however, that the grantor, cestui que trust, and all parties in any manner interested in the execution and performance of such trust, shall join in, sign, seal, acknowledge and deliver an instrument in writing, whereby they shall consent to the said transfer and the release and discharge of such original or acting trustee and the appointment of such corporation as his successor as such, or if either of the parties to the original trust shall have deceased, or shall not join in the said written consent and transfer for any cause, or if the said original trust was created under a last will and testament, or under an order or decree of any court of record, then such transfer of such trust shall not be valid, except upon the judgment or decree of such court of record as would have jurisdiction of an action to remove the acting trustee of such trust and the full compliance with all the terms and conditions of such judgment or decree.

Eighth.—For the faithful performance and discharge of any such trust, duty, obligation or service so imposed upon, conferred and accepted by any such corporation, it shall be entitled to ask, demand and receive such reasonable compensation therefor as the same shall be worth, or such compensation as may have been or may be fixed by the contract or agreement of the parties, as well as any and all advances necessarily paid out and expended in the discharge and performance thereof, and to charge legal interest on such advances unless otherwise agreed upon; and any compensation or commission paid or agreed to be paid for the negotiation or security of any loan or the execution of any trust by any such loan and trust and safe deposit company shall not be deemed interest within the meaning of any law of this State, nor shall any excess thereof over any rate of interest permitted by the laws of this State be decreed or held in any court of law or equity to be usury, and such compensation may embrace the employment of legal services when necessary for the protection of trusts.

INTEREST—INCOME OF WARD. SEC. 11. On any sum of money not less than one hundred dollars (\$100), which shall be

collected or received by any such corporation in its capacity of executor, administrator or guardian, or upon any deposit under any order of any court of record, an interest shall be allowed by such company of not less than at the rate of three (3) per cent. per annum in all cases where such money shall have remained in the possession of such company for over six months, for the period of such excess, and which interest shall continue after such six months until the said money shall be duly accounted for and paid over; and if the annual income of any minor or other person for whose estate any such company shall be guardian or trustee, shall exceed the sum allowed for, or which may be necessary for the support, maintenance and education of such ward, such surplus income shall be accumulated by said company for the benefit of such infant, by adding annual interest on such surplus as a new principal of not less than the rate aforesaid.

EXAMINER — DUTIES — COMPENSATION. SEC. 12. That as soon as the Auditor of State shall have notice of the organization of any corporation, under the provisions of this act, he shall appoint a public examiner, skilled in the science of accounts, for whose services he shall receive from the corporation for which he is employed ten dollars (\$10) per day and expenses, while making any examination, or discharging any other duty required of him by law, and whose duty it shall be to make the examinations provided for in this act, that before proceeding to perform his duties, he shall take an oath of office, and give a bond with surety, in penalty of ——— dollars, for the faithful discharge of his duties, which bond shall be approved by the Auditor.

LIMITATIONS—LOANS TO OFFICER, ETC. SEC. 13. No such corporation shall engage in any banking, mercantile, manufacturing or other business, except such as is hereby expressly authorized: *Provided*, That any promissory note, bond or instrument in writing made negotiable by the laws of this State, when payable at a bank within this State shall in like manner be negotiable if made payable at the office of any such corporation, it shall not loan its funds, moneys, capital, trust funds or other property whatsoever to any director, officer, agent or employe thereof, nor shall any such director, officer, agent or employe become in any

manner indebted to said corporation by means of any overdraft, promissory note, account, endorsement, guaranty, or other contract whatsoever.

**CONTROL OF COURTS OVER.** SEC. 14. Any such corporation shall be subject at all times to the further orders, judgments and decrees of any court of record from which it shall have accepted any trust, appointment or commission as to such trust, and shall render to such court such itemized and verified accounts, statements and reports as may be required by law, or as such court shall order in relation to such particular trust. It shall render to the Auditor of State a full and detailed annual account of its condition on or before the first day of April, in each year, and an condensed statement of such annual account shall be published by said corporation in a public newspaper, printed and published in the county in which its principal place of business is located, and if none, then in such newspaper as the Auditor of State may direct.

**EXAMINATION.** SEC. 15. It shall be the duty of such Public Examiner, once in every six months, to make an examination of the books, property, affects [effects] and liabilities of such corporation, and he shall have the power to examine any of its officers or employes, under oath, touching any of the affairs of said corporation; and in the event of his inability to act in the premises, the Auditor of State may discharge and perform all the duties of the Public Examiner in relation to such corporation.

**ILLEGAL BUSINESS—DUTY OF AUDITOR.** SEC. 16. If it shall appear to the said Auditor of State, from any examination made, or from any report of any examination made, that said corporation has committed a violation of any of the provisions of this act, or of the law, or that it is conducting business in any unsafe or unauthorized manner, or in case it is insolvent, he shall by an order under his hand and seal of office, addressed to such corporation, direct the discontinuance of such illegal or unsafe practices and conformity with the requirements, of any of the provisions of this act, and of the law, and with safety and security in its transactions; and whenever any such corporation shall refuse or neglect to make such report or account as may be lawfully required, after ten days' notice from said Auditor of State, or to comply with any



such order as aforesaid, or whenever it shall appear to said Auditor of State that it is unsafe or inexpedient for any such corporation to continue to transact business, or that it is insolvent, he shall communicate the facts to the Prosecuting Attorney of the district within which such corporation has its chief office, who shall thereupon be authorized to institute such proceedings against any such corporations as are now or may hereafter be provided by law in case of insolvent corporations, or such other proceedings as the case may require.

EMERGENCY. SEC. 17. It is hereby declared that there is an emergency for the immediate taking effect of this act, and the same, therefore, shall take effect and be in force from and after its passage.

## TRUST COMPANIES—REDUCTION OF CAPITAL STOCK.

AN ACT authorizing the reduction of the capital stock of loan and trust and safe deposit companies, legalizing reductions in the capital stock of such companies heretofore made and repealing all laws in conflict therewith and declaring an emergency.

[S. 225. Approved March 4, 1905.]

SECTION 1. Be it enacted by the General Assembly of the State of Indiana, That the capital stock of any loan and trust and safe deposit company may be decreased at any time provided the board of directors shall pass a resolution declaring that such decrease is advisable and calling a meeting of the stockholders to take action thereon; the meeting shall be held upon such notice as the by-laws provide and in the absence of any such provision upon ten days' notice given personally or by mail, and provided further that no reduction of the capital stock of any such company shall be made until the Auditor of State has been notified before the call for the meeting of stockholders to consider the proposed reduction. When so notified he shall cause an examination to be made immediately of the books, property effects and liabilities of such corporation and may also examine its officers and employes under oath. From the result of such examination he shall determine the value, in his judgment, of such property and effects



above the debts and liabilities for this purpose, not considering capital stock as a liability, and certify the same in writing, together with his consent or refusal to consent to such reduction; and the amount so certified shall be presented to and read to the stockholders present at such meeting. It shall require the vote of three-fourths of the stockholders to authorize such reduction. No reduction will be allowed which will reduce the capital stock below the amount certified and consented to by the Auditor of State, neither shall the capital stock of any such corporation whose office is located in a city of over fifty thousand (50,000) inhabitants be reduced at any time below one hundred thousand (\$100,000) dollars, nor that of any such corporation whose office is located in a city of between twenty-five thousand (25,000) and fifty thousand (50,000) inhabitants be below fifty thousand (\$50,000) dollars, nor that of any such corporation whose office is located in a city of less than twenty-five thousand (25,000) be below twenty-five thousand (\$25,000) dollars.

SEC. 2. The reduction of its capital stock heretofore made by any loan and trust and safe deposit company is hereby fully legalized, provided such reduction was approved or authorized at a regular annual meeting of the corporation where 75 per cent. of the stock of the corporation was represented and where such reduction was approved or authorized by the unanimous vote of all the stock represented, and provided further that the Auditor of State after an examination of the affairs of such corporation as provided in section one herein shall have consented to such reduction, and provided also that a notice of such reduction of capital stock shall be published for three successive weeks in a daily or weekly newspaper, published in the city or town where such loan and trust and safe deposit company is located, and certificate showing that the capital stock has been reduced and acknowledged by a majority of the board of directors before some officer authorized to take acknowledgments of deeds, shall be filed in the office of the Secretary of State and a duplicate thereof filed and recorded in the miscellaneous record in the recorder's office of the county where the principal office of such corporation in this State is located.

SEC. 3. All laws and parts of laws in conflict with the provisions of this act shall be and are hereby repealed.

SEC. 4. Whereas an emergency exists for the immediate taking effect of this act, therefore the same shall be in force and effect from and after its passage.

## RELATING TO GUARANTEE BONDS AND SAVINGS DEPOSITS OF TRUST COMPANIES.

AN ACT requiring loan and trust and safe deposit companies, doing business under the act of March 4, 1893, to report their guarantee and surety obligations, specifying how those obligations shall be treated in estimating the condition of such companies and providing regulations for the acceptance and repayment of savings deposits.

[Approved March 7, 1901.]

SECTION 1. Be it enacted by the General Assembly of the State of Indiana, That every corporation doing business under the law of this State, entitled "An act to authorize the organization and incorporation of loan, and trust, and safe deposit companies, and defining their powers, rights and duties and other matters connected therewith," approved March 4, 1893, in rendering to the Auditor of State the actual account of its condition, shall always state specifically the full amount of all its outstanding obligations incurred by reason of its guaranteeing or becoming surety for the faithful performance by any person of any duties whatsoever, and shall at the same time also state specifically the amount of premiums charged and received by it on such obligations as may then be in force. And in estimating at any time the condition of such corporation the Auditor of State shall charge as liabilities, in addition to the full amount of the capital stock outstanding, all outstanding indebtedness of the corporation and a premium reserve equal to fifty per centum of the premiums charged by the corporation on all its obligations then in force on account of its guaranteeing or becoming surety for the performance by any person of any duties whatsoever.

SEC. 2. Every corporation organized under the act described by its title in the preceding section, which, in the conduct of its business, may accept savings deposits, is hereby authorized and required to accept and hold such deposits under the same regulations, as to the repayment thereof, as are now prescribed by the law of this State for the repayment of deposits in savings banks.

## FORBIDDING THE USE OF THE WORD "TRUST" IN NAME OF CERTAIN CORPORATIONS.

AN ACT amendatory and supplemental to an act entitled "An act authorizing the organization and incorporation of loan, trust and safe deposit companies and defining their powers, rights and duties and other matters connected therewith," approved March 4, 1893, and repealing all laws and parts of laws in conflict therewith.

[Approved February 24, 1899.]

SECTION 1. Be it enacted by the General Assembly of the State of Indiana, That said above act named be amended by adding the following section, to wit:

Section 18. All corporations not organized and transacting business under said act approved March 4, 1893, and whereto this is supplemental, and all persons or corporations doing the business of bankers, brokers, saving institutions, insurance corporations, building and loan associations or other corporations engaged in business in this State under any other act than the one aforesaid, are prohibited from using the word "trust" as a portion of the name or title of said bank, corporation, firm, partnership or association; and any violation of this prohibition committed by any person or corporation after the taking effect of this act, shall subject such party, person, corporation or association chargeable therewith to a penalty of fifty (\$50) dollars for each day during which it is committed or repeated; said penalty to be recovered in the name of the State on a suit brought by the Attorney-General, whose duty it shall be to enforce the provisions of this section.

SEC. 2. All laws and parts of laws in conflict with this act are hereby repealed to the extent of such conflict.

## FORBIDDING INSURANCE AND TRUST COMPANIES LOANING FUNDS TO DIRECTORS OR OFFICERS.

AN ACT prohibiting insurance companies and trust and deposit companies incorporated under and pursuant to the laws of the State of Indiana, from loaning their funds, capital or other property whatsoever to any director or officer, and prohibiting directors and officers from loaning or borrowing the funds, capital or other property of such companies, and making a violation of the same a misdemeanor.

[Approved February 27, 1899.]

SECTION 1. Be it enacted by the General Assembly of the State of Indiana, That it shall be unlawful for any insurance company,

or trust and deposit company incorporated under and pursuant to the laws of this State, to loan any of its funds, moneys, capital or other property whatsoever to any director or officer thereof.

SEC. 2. Any board of directors, director or officer, of any insurance company or trust and deposit company, incorporated under and pursuant to the laws of this State, who shall directly or indirectly, loan any of its funds, moneys, capital or other property whatsoever, to any director or officer of the same, and any director or officer, of any insurance company or trust and deposit company, incorporated under and pursuant to the laws of this State, who shall borrow from it any of the funds, moneys, capital or other property whatsoever, of such company, shall be deemed guilty of a misdemeanor and shall, upon conviction of the same, be fined in any sum not less than one hundred (\$100.00) dollars nor more than five hundred (\$500.00) dollars, and be imprisoned in the county jail for not less than thirty days nor more than six months.

## LEGAL HOLIDAYS—ABOLISHING GRACE.

AN ACT concerning legal holidays, the maturity of negotiable instruments, creating a Saturday half holiday for banking institutions in certain cities, repealing all laws in conflict herewith, and declaring an emergency.

[S. 150. Approved March 4, 1905.]

SECTION 1. Be it enacted by the General Assembly of the State of Indiana, That the following days, to wit: The first day of the week, commonly called Sunday, the first day of January, commonly called New Year's day, the fourth day of July, the twenty-fifth day of December, commonly called Christmas day; any day appointed or recommended by the President of the United States or the Governor of the State of Indiana as a day of public fasting or thanksgiving; the twenty-second day of February, commonly called Washington's birthday; the thirtieth day of May, commonly called Memorial day; the first Monday of September, commonly called Labor day, and the day of any general, National or State election, shall be legal holidays within the State of Indiana. And when any of said holidays (other than Sunday) comes on Sunday, the Monday next succeeding shall be the legal holiday.



SEC. 2. It shall be lawful for banks, trust companies and safe deposit institutions in all cities in this State, which have or hereafter may have a population of more than thirty-five thousand inhabitants, according to the last preceding United States census, to close their doors for business at twelve (12) o'clock noon on each and every Saturday in the year, and every Saturday in the year after [twelve] (12) o'clock noon shall, in addition to the legal holidays mentioned in section one (1) of this act, be a legal half holiday for such banks, trust companies and safe deposit institutions and the business thereof.

SEC. 3. All bills of exchange, bank checks, promissory notes and other negotiable instruments shall be payable at the time fixed therein, without grace. When the day of maturity falls upon Sunday, or a legal holiday, the instrument shall be payable on the next succeeding business day. Negotiable instruments falling due on Saturday shall be presented for payment on the next succeeding business day, except that instruments payable on demand may, at the option of the holder, be presented for payment before twelve o'clock noon on Saturday when that entire day is not a holiday.

SEC. 4. All laws and parts of laws in conflict herewith are hereby repealed.

SEC. 5. Whereas an emergency exists for the immediate taking effect of this act, therefore the same shall be in full force and effect thereafter its passage.



## EMBEZZLEMENT.

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AN ACT concerning public offenses.

[Approved March 10, 1905.]

SEC. 401. If any banker, broker, or person doing a banking business, or any officer agent or employee of any banking company or incorporated bank doing business in this state, shall fraudulently receive from any person, or persons, firm, company, or corporation, or from any agent thereof, not indebted to such banker, broker, banking company or incorporated bank, any money, check, draft, bill of exchange, stocks, bonds or other valuable thing which is transferable by delivery or endorsement, when at the time of receiving such deposit, such banker, broker, banking company or incorporated bank is insolvent, whereby the deposit so made shall be lost to the depositor, such banker, broker, or officer, agent or employee so receiving such deposit shall be deemed guilty of embezzlement, and, on conviction, shall be fined in a sum double the value of money or other valuable thing so embezzled and fraudulently taken, and, in addition thereto, shall be imprisoned in the state prison not less than one year nor more than three years; the failure, suspension or involuntary liquidation of such banker, broker, banking company or incorporated bank, within thirty days after the time of receiving such deposit, shall be prima facie evidence of an intent to defraud on the part of such banker, broker or officer, agent or employee of such banking company or incorporated bank.

OFFICER OR EMPLOYEE OVERDRAWING. SEC. 402. Whoever, being president, director, cashier, teller, clerk, officer or employee of any incorporated bank, or of any firm, corporation, person or association doing a banking business, shall knowingly overdraw his account in such bank, or in such other institution doing a banking business, or who shall knowingly draw and receive payment on any check on such bank, firm, corporation, person or banking association when he has no funds to

his credit therein, without first procuring the written consent thereto of the board of directors of any such incorporated bank, or the manager or managers of any such firm, corporation, person or association doing a banking business, indorsed on such check, shall be deemed guilty of a felony and, on conviction, shall be imprisoned in the state prison not less than two years nor more than fourteen years, and fined in double the sum so received.

OFFICER OR EMPLOYEE BORROWING FUNDS WITHOUT CONSENT. SEC. 403. Whoever, being president, director, cashier, teller, clerk, officer or employee of any incorporated bank, or of any firm, corporation, person or association doing a banking business, shall, in any way, obtain as a borrower any of the funds of such bank, firm, corporation, person or association doing a banking business, without first executing his note or other evidence of debt therefor, bearing the written consent thereto of the board of directors of any such incorporated bank, or the manager or managers of any other such firm, corporation, person, or association doing a banking business, indorsed on such note or other evidence of debt, shall be deemed guilty of a felony and, on conviction, shall be imprisoned in the state prison not less than two years nor more than fourteen years, and be fined in double the amount so received.

## MAKING FALSE STATEMENT TO OBTAIN CREDIT.

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AN ACT providing that it shall be unlawful for any person to make a false written statement of their property valuation to obtain credit from any other person, company, co-partnership or corporation, and providing a penalty for the violation thereof.

[Approved March 5, 1901.]

SECTION 1. Be it enacted by the General Assembly of the State of Indiana, That whoever wilfully and knowingly makes any false statement in writing of his or her property valuation, real or personal or both, for the purpose of obtaining credit from any person, company, co-partnership or corporation engaged in the sale of any article or articles of merchandise or other thing of value in the State of Indiana, and who by reason of such false statement does obtain credit from any such person, company, co-partnership or corporation shall be deemed guilty of a felony and upon conviction thereof shall be imprisoned in the State's Prison for a period of one year and fined in any sum not exceeding one thousand dollars.

## NOTARIES PUBLIC.

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AN ACT concerning public offenses.

[Approved March 10, 1905.]

SEC. 489. Whoever, while holding any lucrative office, acts as a notary public; or whoever, being an officer or employe in any bank, corporation or association possessed of banking powers, or of any trust company or building and loan association, acts as a notary public in the business of such bank, corporation, association, trust company or building and loan association, shall, on conviction, be fined not less than ten nor more than one thousand dollars, to which may be added imprisonment in the county jail not less than ten days nor more than six months.

## INDIVIDUAL AND PARTNERSHIP BANKING.

AN ACT to regulate the business of banking by individuals, partnerships and unincorporated persons.

[S. 81. Approved March 4, 1905.]

SECTION 1. Be it enacted by the General Assembly of the State of Indiana, That every partnership, firm or individual transacting a banking business within this state or using the word bank, banker or banking in connection with his or its business shall be subject to the provisions of this act.

SEC. 2. That from and after July 1st, 1905, it shall be unlawful for any partnership, firm or individual to transact a banking business in this State unless such partnership, firm or individual has property of the cash value of at least ten thousand dollars. Such property shall be in money, bank furniture and fixtures or real estate for the conduct of the business of such bank, all to be set apart and kept good and unimpaired for the security of the creditors of any such bank, and provided that the real estate, bank furniture and fixtures shall not constitute more than one-third in amount and value of the entire capital of such bank.

SEC. 3. Every partnership, firm or individual now transacting or hereafter desiring to transact a banking business in this State, shall, under oath, file with the Auditor of State, a full, complete detailed statement of

First. The name of the bank or proposed bank.

Second. A copy of the articles of co-partnership and agreement if a co-partnership under which the business of the bank is being or is to be conducted, which shall be executed and acknowledged by all the parties interested therein, and at least one of whom shall be at all times a resident of the State of Indiana. If a banking business is being or is to be transacted or carried on by an individual, such individual shall at all times, while in such banking business be a resident of the State of Indiana and the statement herein required shall so show.

Third. The county and city or town in which the bank is to be located and the business carried on.



Fourth. The amount of capital paid into the business, and to be kept and maintained at all times in the business.

Fifth. A statement that the responsibility and net worth of the individual members of such firm, partnership or individual is equal to an amount at least double the amount of capital paid into such bank as herein provided.

Sixth. If not disclosed in the partnership agreement, then the names of the officers, agents or employes in the active charge of and management of the business of the bank. Every partnership, firm or individual now doing a banking business in this State shall on or before July 1, 1905, file with the Auditor of State a detailed statement as provided herein.

SEC. 4. Whenever, after the filing of the statement provided in section 3 of this act and the payment to the Auditor of State, for the State, the sum of five dollars, and the filing with the Auditor of State, the oath of some member of the partnership, firm or individual, that the capital has been paid in as provided for and in compliance with section 3 of this act, then the State Auditor shall, without unnecessary delay, issue to such partnership, firm or individual, a certificate or charter, authorizing such partnership, firm or individual to transact a banking business.

SEC. 5. Every bank, partnership, firm or individual transacting a banking business under the provisions of this act shall make to the Auditor of State not less than two reports each year, according to the form which may be described [prescribed] by the Auditor of State, which report shall be verified by some member of the firm, partnership or the individual owner of such bank, and which said report shall be of the same general form and character as is required by the Auditor of State of corporations organized and doing business under the general banking laws of the State, a copy of which said report shall be published in some newspaper printed and published in the town or city where such bank is located, and if no paper is published in such town or city then in some newspaper of general circulation printed and published in the county seat of the county where such bank is located.

SEC. 6. There shall be posted in the room of every bank, doing business under the provisions of this act, and in plain view of its customers, a printed list of all the owners of, and parties interested in, such bank, and the statement that this is a private

bank. Should the interest of any member of such partnership or firm, or of an individual doing a banking business under the provisions of this act, change either by death, devise, sale or otherwise, then and in that case the Auditor of State shall be notified of such change and the notice printed in the room of any such bank as herein provided shall be changed accordingly.

SEC. 7. Any person, firm, or co-partnership violating any of the provisions of this act shall be fined in any sum not exceeding one thousand dollars, to which may be added for the second offense imprisonment in the State Prison for any term not exceeding two years.

SEC. 8. Should any bank organized under the provisions of this act, or any owner or owners thereof, hold any property in trust for another, the fact of such trust, the general nature and character thereof, the acceptance of the same and the amount so held shall be set forth in an instrument to be executed by the trustee and acknowledged by him before a notary public. Within forty-five days after the execution of such an instrument, it shall be filed with the Auditor of State with a record fee of one dollar for the State.

SEC. 9. The depositors in any such bank shall have a first lien on the assets of such bank, in case it is wound up, to the amount of their several deposits. And for any balance remaining unpaid, such depositors shall share in the general assets of the owner or owners, alike with general creditors.

SEC. 10. Any bank organized and doing business under the provisions of this act shall have the right to sue and be sued under the name under which such bank is authorized to transact its business. Service of summons or other process of court upon the officer or agent in charge of the business of such bank shall be good and sufficient service to give the court jurisdiction and any judgment obtained against such bank shall be valid and binding against all the persons interested therein.

## REGULATING FOREIGN TRUST OR INVESTMENT COMPANIES.

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AN ACT regulating foreign corporations issuing stocks, bonds, contracts and agreements upon which payments are to be made in installments or receiving deposits of money for any purpose, prescribing conditions upon which they can do business in this State, prescribing the duties of the Auditor of State with reference to such corporations, providing penalties for the violation of the provisions of this act, and declaring an emergency.

[Approved March 11, 1901.]

SECTION 1. Be it enacted by the General Assembly of the State of Indiana, That it shall be unlawful for any corporation, association or society organized under the laws of any State (other than the State of Indiana), or of any government foreign to the Government of the United States to conduct or engage in the business of a trust or investment company for the purpose of issuing its stocks, bonds, contracts or agreements to its members, or other persons, upon which payments are to be made in installments, or for the purpose of receiving deposits or payments of money for any purpose without first procuring a certificate of authority from the Auditor of State, which certificate shall be renewed annually.

SEC. 2. Before the Auditor of State issues such certificate to any such corporation, association or society, it shall file in his office a statement under the oath of its president and secretary showing the date of its incorporation, the names of its officers, the amount of its capital stock. It shall also furnish, under oath of its president and secretary a statement showing the resources and liabilities and such other information concerning its business as the Auditor of State may from time to time prescribe upon the filing of said statements and information aforesaid, and satisfying said Auditor of State that it is solvent and doing a safe and legitimate business then the said Auditor of State may issue to such corporation, association, or society his certificate authorizing them to transact business in said State for the current calendar year.

SEC. 3. Every such corporation, association or society before the Auditor of State shall issue his authority to do business shall deposit with said Auditor of State, stocks or bonds, approved by said Auditor in a sum of not less than \$25,000, which amount shall remain in possession of said Auditor for and during the first year that said corporation, association or society shall do business. At end of said first year said corporation, association or society shall deposit with said Auditor of State stocks or bonds approved by said Auditor equal to the amount of its liabilities to citizens of this State and shall keep such deposit at all times equal to such liabilities.

SEC. 4. Any time such corporation, association or society, shall fail to make such deposit, as required by Section 3, or shall become insolvent or fail to carry out its contracts or agreements with citizens of this State, then said Auditor of State, shall revoke its authority to do business in said State and shall ask the proper court of this State to appoint a receiver to take charge of such deposit for the benefit of its creditors in said State.

SEC. 5. Every such corporation, association or society shall, annually, in the month of January of each year, file with Auditor of State, a full and complete statement in such form as may be prescribed by the Auditor of State showing its condition on December 31 of the previous year. If from an examination of said statement it shall appear that such corporation is solvent the Auditor of State shall renew its license for the ensuing calendar year.

SEC. 6. The Auditor of State shall examine, or caused to be examined, under the provisions of this act, whenever in his judgment it may be necessary for the interests of the shareholders, stockholders or creditors of said foreign corporation, association or society residing in this State, every detail of the business of any said foreign corporation, association or society transacting business in this State. Said examination shall be made at the expense of the foreign corporation, association or society examined, and consent to make such examination shall be filed before any certificate authorizing such foreign corporation, association or society shall be granted by said Auditor of State.

SEC. 7. The Auditor of State shall charge and collect from such foreign corporation, association or society, for filing the

statements and other papers and issuing the certificates required to be filed and issued by this act, the same fees as are charged and collected from insurance companies doing business in this State, and are chartered and incorporated under the laws of the State in which such foreign corporation, association, or society is incorporated.

SEC. 8. Any person or persons, who, either directly or indirectly, shall solicit subscriptions to the capital stock of any such foreign corporation, association or society, or act as agent or officer for any such foreign corporation, association or society, or solicit any business of any nature for it without first procuring the certificate required in Section 1 of this act, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not less than five hundred dollars (\$500) nor more than one thousand dollars (\$1,000), to which may be added imprisonment in the county jail not exceeding thirty days.

SEC. 9. Whereas, an emergency exists for the immediate taking effect of this act, it shall be in effect from and after its passage.



# REGULATING FOREIGN INVESTMENT COMPANIES.

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AN ACT regulating foreign investment companies.

[Approved March 11, 1901.]

SECTION 1. Be it enacted by the General Assembly of the State of Indiana, It shall be unlawful for any person, firm, joint stock company or corporation organized under the laws of any State, Territory or the District of Columbia other than the State of Indiana, or any government foreign to the Government of the United States, to conduct or engage, directly or indirectly, in the business of selling its stock, bonds, contracts, shares, memberships or agreements of any kind, receiving therefor payments on the installment plan, without first procuring from the Auditor of State a certificate of authority. Before such Auditor shall issue such certificate of authority, the person, firm, joint stock company or corporation shall file in his office a statement, under oath of its president and secretary, or one of the firm, if a firm, showing the name and location of such person, firm, joint stock company or corporation, the names of the officers of such firm, joint stock company or corporation, the date of incorporation thereof, if incorporated, and the amount of the assets and liabilities, and such other information concerning their respective plans of doing business as shall be prescribed by said Auditor of State. If it shall appear from said statement that said person, firm, joint stock company or corporation is doing a safe and legitimate business, and that it is in a solvent condition then said Auditor may issue his certificate authorizing said person, firm, joint stock company or corporation to transact business in this State for the then current calendar year: *Provided*, If it appear from the statements and plans of business of said person, firm, joint stock company or corporation that it permits forfeitures of payment by members, or persons holding its stocks, bonds, contracts or agreements, or provides for the payment of its ex-

penses other than from earnings, or provides for the payment to any member, share holder, certificate holder or bond holder, or to any class of members, share holders, certificate holders or bond holders or any profit, advantage or compensation of any form or description other than that received by all other members, share, certificate or bond holders of the same class, and under like conditions and the investment of a like amount of money; or, if beneficiaries are determined, selected or advantage given to one over the other by any form of lottery, chance or hazard, then such firm, joint stock company or corporation shall not be authorized to transact business in this State; and if any such firm, joint stock company or corporation engages in any such business, it shall immediately cease doing business in the State.

SEC. 2. Annually thereafter, during the month of January in each year, every such firm, joint stock company or corporation shall file with the Auditor of State a statement showing its condition on December 31, of the previous year. Such statement shall be in the form prescribed by the Auditor of State. If it appears from such statement that such person, firm, joint stock company or corporation is still doing a safe business and is solvent, then said Auditor may issue his certificate authorizing it to transact business in said State until December 31 of said year. If, at any time, it shall appear that such person, firm, joint stock company or corporation is doing an unsafe business, or is insolvent, said Auditor of State may revoke said certificate of authority.

SEC. 3. Said firm, joint stock company or corporation shall, at all times, be subject to examination by the Auditor of State, or some person appointed by him. Said examination shall be at the expense of said firm, joint stock company or corporation, and refusal to permit said examination shall be cause for revocation of its authority to do business in the State.

SEC. 4. Any person who shall act as agent for such person, firm, joint stock company or corporation, or solicits business of any nature for it before it shall be authorized to do business in said State, shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be fined in any sum not less than fifty dollars nor more than five hundred dollars; to which may be added imprisonment in the county jail not exceeding thirty days.

SEC. 5. Every such person, firm, joint stock company or corporation shall pay to the State for license fee for a certificate of authority to do business in the State, as herein provided, the sum of one hundred dollars annually, and a further license fee of five dollars for each agent; and every such person, company, firm or corporation, prior to the receipt of its certificate of authority, shall deposit with the Auditor of State the sum of fifty thousand dollars in securities of the same character as those required to be deposited by foreign life insurance companies.









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